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Mexico

Dairy and Products Annual

Another Billion Plus Year for U.S. Dairy Exports Among Domestic Market Stability

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Report Highlights:
Mexican dairy production, use, and trade in 2014 are flat or slightly higher over 2013 as the sector is now in a period of relative stability. Attractive grain prices and water availability are enticing producers to increase 2013 milk production over 2012 levels while better dairy genetics and better breeding strategies are helping with domestic herd repopulation. U.S. exports of dairy and products to Mexico are forecast to exceed U.S. $1 billion again in 2013 and 2014.

Commodities:

Dairy, Milk, Fluid

Production:

The Post marketing year (MY) 2014 (January to December) fluid milk production forecast is 11.4 million metric tons (MMT) based upon continued implementation of better production practices among vertically integrated producers, improved genetics from better yielding milk cows, and improved producer prices. These factors are expected to result in marginally increased production in 2013 over 2012. The Post fluid milk production estimate for MY2013 is revised marginally downward to reflect updated official data and revisions to Post's prior expectations regarding the pace and scope of adopting improved genetics. The Post fluid milk production estimate for MY2012 is unchanged.

Water and Grain Availability and Producer Prices Improving

The availability of grain at attractive prices, water availability for use in confinement establishments, and pasture availability is giving confidence to producers to look at expanding production. Reportedly, water reservoirs and the water table in key producing areas has recovered and alleviated grazing pasture scarcity and quality issues. Still, too, industry leaders are encouraging milk producers to improve efficiencies and water resources use and adopt newer technologies (e.g., forage storage to preserve nutritional quality) as a way to expand production. Currently, industry sources estimate that feed costs account for 75 percent of the total cost of production. Additionally, in the second quarter of 2013, LICONSA [1] announced an increase in the price paid to producers (see prices section) and this should bolster 2013 and 2014 production levels.

Table 1. Mexico: Fluid Milk Production Volume by State for Calendar Years 2006-2013 in Thousand Liters.

	2007	2008	2009	2010	2011	2012	2013*
AGUASCALIENTES	375,401	370,399	367,171	369,253	372,252	367,599	246,677
BAJA CALIFORNIA	207,915	193,422	179,795	174,027	181,190	159,231	108,313
BAJA CALIFORNIA SUR	43,150	46,451	46,104	44,323	41,144	40,566	26,153
CAMPECHE	35,517	35,029	36,271	36,146	36,364	38,424	24,977
COAHUILA	1,286,281	1,363,762	1,282,618	1,243,058	1,275,065	1,287,918	884,879
COLIMA	36,146	36,525	32,349	34,883	36,059	35,548	15,835
CHIAPAS	353,085	372,249	366,393	385,455	402,583	402,727	257,884
CHIHUAHUA	817,919	926,222	923,053	934,928	930,020	979,502	640,278
DISTRITO FEDERAL	10,058	12,322	13,652	13,643	13,784	12,678	9,454
DURANGO	1,019,227	1,036,581	959,716	1,001,137	997,155	1,037,913	663,590
GUANAJUATO	674,660	684,202	761,759	775,108	784,770	735,616	472,182
GUERRERO	82,001	81,552	84,157	86,892	83,764	88,809	56,390
HIDALGO	460,773	452,977	439,361	419,273	398,540	364,018	288,622
JALISCO	1,793,579	1,855,362	1,900,343	1,960,999	1,991,577	2,024,966	1,325,786
MEXICO	478,211	464,573	464,704	478,261	482,082	469,315	301,332
MICHOACAN	328,185	329,079	331,909	331,038	339,389	344,810	219,956
MORELOS	21,105	18,809	20,901	21,784	20,890	22,421	14,824

NAYARIT	64,536	61,974	60,130	60,742	60,104	55,779	27,128
NUEVO LEON	41,432	39,909	40,586	40,397	37,790	38,622	22,911
OAXACA	142,795	145,213	146,406	147,080	147,933	147,102	89,992
PUEBLA	384,707	384,285	395,211	403,100	404,132	422,768	288,540
QUERETARO	200,835	195,791	192,435	192,422	195,147	336,644	233,581
QUINTANA ROO	5,642	5,623	5,829	5,921	5,562	6,128	3,192
SAN LUIS POTOSI	140,630	141,828	132,285	130,899	128,772	125,820	82,133
SINALOA	88,633	93,779	95,943	102,081	105,875	102,519	61,452
SONORA	137,780	134,921	126,496	129,355	112,055	110,764	77,179
TABASCO	110,603	110,694	111,533	111,416	101,522	106,960	78,732
TAMAULIPAS	29,224	30,209	32,326	30,242	29,666	28,242	18,131
TLAXCALA	110,258	110,924	120,356	115,223	109,978	109,952	64,101
VERACRUZ	692,754	697,288	708,230	722,465	723,106	715,190	460,219
YUCATAN	5,557	5,608	4,366	3,441	3,153	3,009	1,739
ZACATECAS	167,383	163,293	166,655	171,703	172,867	159,310	105,453
TOTAL	10,345,982	10,498,994	10,549,038	10,676,691	10,724,288	10,880,871	7,171,615

Source: SIAP-SAGARPA: The Agro-food and Fishery Information Service, Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA)

*SAGARPA's year-to-date preliminary figures as of August 2013

Milk Cow Numbers Stabilizing and Set to Rebound

The trend of sending milk cows to slaughter that was observed in MY2012 and the beginning of MY2013 has slowed and the herd size is expected to stabilize. As such, the MY2014 dairy herd forecast is at the same levels as MY2013. In the future, as larger operators continue with vertical integration and using better genetics the herd could begin expanding, again. There is no change to the MY2013 or MY2012 milk cow estimates.

As a result of the drought and elevated 2012 grain prices, producers implemented strategies to improve efficiencies in breeding and raising animals as well as feeding methods and animal health management. These factors, along with the importation of better milk cows should contribute to repopulating the domestic herd in the medium to long-term.

Cows devoted for milk production and for dual purpose use (milk and meat production) comprise the two segments of the cows in milking inventory.

[1] NOTE: LICONSA, S. A. de C.V. is "a state-owned company devoted to the industrialization and distribution of high-quality milk at reasonable prices to supporting the nutritional needs of disadvantaged families." END NOTE.

Consumption:

The Post MY2014, total fluid milk consumption forecast (domestic and factory use) remains stable at around 11.5 MMT as the industry forecasts sustained consumption of added-value products for middle and upper income consumers with sustained support from LICONSA for lower income consumers. The Post MY2013 total fluid milk consumption estimate was revised upward slightly from the USDA estimate based on official Mexican data. The estimate for MY2012 is unchanged.

Industry contacts have reported to Post that individual consumption of fresh pasteurized milk accounts for about 56 percent of fluid milk consumption while 44 percent is consumption of UHT milk. Due to energy/refrigeration costs, many retail establishments do not have large dairy cases for fluid milk and, keep short supplies on hand with new product delivered several times per week. As such, it is often easier to work with UHT milk as it can be delivered and placed in retail aisles without the added cost of refrigeration.

Industry Responds to Consumer Demand for Fluid Milk and Processed Products

Fluid milk continues to be the strongest pillar of dairy consumption. Despite the appearance of new products (e.g., diverse categories of specialty dairy products for infants, youth, and elder consumers), privates sources are reporting a slight increase in the consumption of low-priced milk (dairy formulas) targeting low-income populations.

Meanwhile, the dairy industry has been responding to increased demand for specialized products, such as lactose-free products, high-calcium, and even reduced fat fluid milk products. Consequently, specialized dairy products continue gaining domestic market share and greater volumes of fluid milk are being directed to processing use.

Consumers, also, are switching to other prepared and processed dairy products such as probiotic and drinkable yoghurts. Trends suggest that consumers may switch back to low-priced and traditional yoghurts if the functional benefits from consuming these preparations are not observed. Fluid dairy preparations offering attractive prices, a full range of flavors, a longer shelf life, and nutritional and functional benefits have been the driving factors that support the consumption of these products.

Prices:

In the second quarter of 2013, LICONSA announced a 0.60 pesos (U.S. $0.04) per liter increase in the price paid to producers for a final purchase price of 6.20 pesos (USD $0.47) per liter. This agreement entered into force from the second half of 2013 and it is expected that it will continue during 2014. On the consumer price side, LICONSA announced that the price of milk distributed to low-income households would be raised 0.50 pesos (U.S. $0.03) per liter for a final price of 4.50 pesos (U.S. $0.33). LICONSA indicated it would maintain this price for the remainder of 2013 and during 2014.

Trade:

The Post MY2014 import forecast of 45,000 MT assumes sustained production levels based on improving input/production costs and stable international milk prices. The Post fluid milk import estimate for MY2013 is also 45,000 MT and is slightly higher than the USDA estimate. This estimate was based on current import trends using Mexican customs data. The MY2012 estimate remains unchanged at 39,000 MT and is based on official data as converted from liters.

The Post MY2014 fluid milk export forecast is 9,000 MT as production will largely be directed towards domestic use and not available for export. Post's new MY2013 estimate was revised downward to 8,000 MT based on official export data trends and the reduced availability of milk for export in the initial stages of the year as more fluid milk was used in the preparation of added-value products. MY2012 export estimates remain unchanged.

Stocks:

No stocks are held due to the lack of refrigeration or storage space among producers and end-users. As such, end-users utilize just-in-time delivery for those products which enter value-added processes.

Production, Supply and Demand Data Statistics:

Table 2. Mexico: Post Fluid Milk Production, Supply, and Demand Analysis

Dairy, Milk, Fluid Mexico	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows In Milk	6,350	6,350	6,300	6,300		6,300
Cows Milk Production	11,274	11,274	11,270	11,270		11,275
Other Milk Production	160	160	152	151		152
Total Production	11,434	11,434	11,422	11,421		11,427
Other Imports	39	39	43	45		45
Total Imports	39	39	43	45		45
Total Supply	11,473	11,473	11,465	11,466		11,472
Other Exports	13	13	11	8		9
Total Exports	13	13	11	8		9
Fluid Use Dom. Consum.	4,168	4,168	4,171	4,171		4,172
Factory Use Consum.	7,292	7,292	7,283	7,287		7,291
Feed Use Dom. Consum.	0	0	0	0		0
Total Dom. Consumption	11,460	11,460	11,454	11,458		11,463
Total Distribution	11,473	11,473	11,465	11,466		11,472
1000 HEAD, 1000 MT						

Commodities:

Dairy, Cheese

Production:

The Post MY2014 total cheese production forecast is 270,000 MT reflecting stable demand for aged and fresh cheeses and cheese products. The new Post MY2013 and MY2012 production estimates remain unchanged from USDA official figures.

Consumption:

The Post MY2014 total cheese consumption forecast is 358,000 MT. Demand for aged cheeses is expected to remain stable among high-middle and high-income consumers. Moreover, low and lower-middle income consumers are generally maintaining their demand for fresh cheese products. The MY2013 consumption estimate is unchanged from the USDA estimate. The Post MY2012 consumption estimate was lowered reflecting smaller import volumes and official data.

Trade:

The Post MY2014 cheese import forecast is 92,000 MT and reflects flat growth over MY2013. Mexico remains a deficit-country producer of fluid milk which, in turn, limits cheese production.   MY2013 import estimates remain unchanged based on current importing trends and anticipated strong demand around the winter holidays for imported and higher value cheeses. Post's MY2012 import estimate was lowered downwards reflecting official trade data.

The Post MY2014 cheese export forecast is 4,000 MT. Post's MY2013 and 2012 export estimates are unchanged.

Production, Supply and Demand Data Statistics:

Table 3. Mexico: Post Cheese Production, Supply, and Demand Analysis

Dairy, Cheese Mexico	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0		0
Production	264	264	270	270		270
Other Imports	89	81	92	92		92
Total Imports	89	81	92	92		92
Total Supply	353	345	362	362		362
Other Exports	4	4	4	4		4
Total Exports	4	4	4	4		4
Human Dom. Consumption	349	341	358	358		358
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	349	341	358	358		358
Total Use	353	345	362	362		362
Ending Stocks	0	0	0	0		0
Total Distribution	353	345	362	362		362
1000 MT						

Commodities:

Dairy, Butter

Production:

The Post MY2014 butter production forecast is maintained at 185,000 MT as strong demand from the processing industry for the preparation of other products is expected to compete for the availability of fluid milk for butter production. The new Post MY2013 and MY2012 estimates for butter production are unchanged from the USDA estimates and reflect latest industry data.

Consumption:

The new Post MY2014 butter and butterfat consumption forecast is 233,000 MT based on strong demand for domestic and imported product by the bakery and confectionary sectors. The Post estimate for MY2013 was raised slightly from the MY2013 USDA official estimate based on trade flows and stable use from the bakery and confectionary sectors. The MY2012 estimate is lowered from the USDA official estimate based on official trade data.

Trade:

The Post MY2014 import forecast of butter (HTS 040510) and butterfat (HTS 040590) is 50,000 MT due to sustained demand from the bakery and confectionary sectors and limited domestic production. The Post MY2013 import estimate was raised slightly from the official MY2013 USDA estimate given the same factors described above and the pace of butterfat imports (HTS 040590) from New Zealand and Australia which are expected to continue. The import estimate for MY2012 is lowered from the USDA estimate based on official Mexican customs data as sources indicate that there was some oversupply and carryover in MY2011 that led to smaller volumes in MY2012 being imported.

Mexican butter and butterfat exports are beginning to emerge in trade data figures. The volume is forecast to remain stable in MY2014. MY2013 export estimates are based on trends and official data. MY2012 exports are based on official data.

It is expected that New Zealand and Australia, during the remainder of MY2013 and through MY2014, will continue to be the principal suppliers of butter and butterfat to Mexico. The United States is forecast to maintain its market share at nearly 3 percent.

Production, Supply and Demand Data Statistics:

Table 4. Mexico: Post Butter Production, Supply, and Demand Analysis

Dairy, Butter Mexico	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0		0
Production	190	190	185	185		185
Other Imports	37	30	45	50		50
Total Imports	37	30	45	50		50
Total Supply	227	220	230	235		235
Other Exports	0	1	0	2		2
Total Exports	0	1	0	2		2
Domestic Consumption	227	219	230	233		233
Total Use	227	220	230	235		235
Ending Stocks	0	0	0	0		0
Total Distribution	227	220	230	235		235
1000 MT						

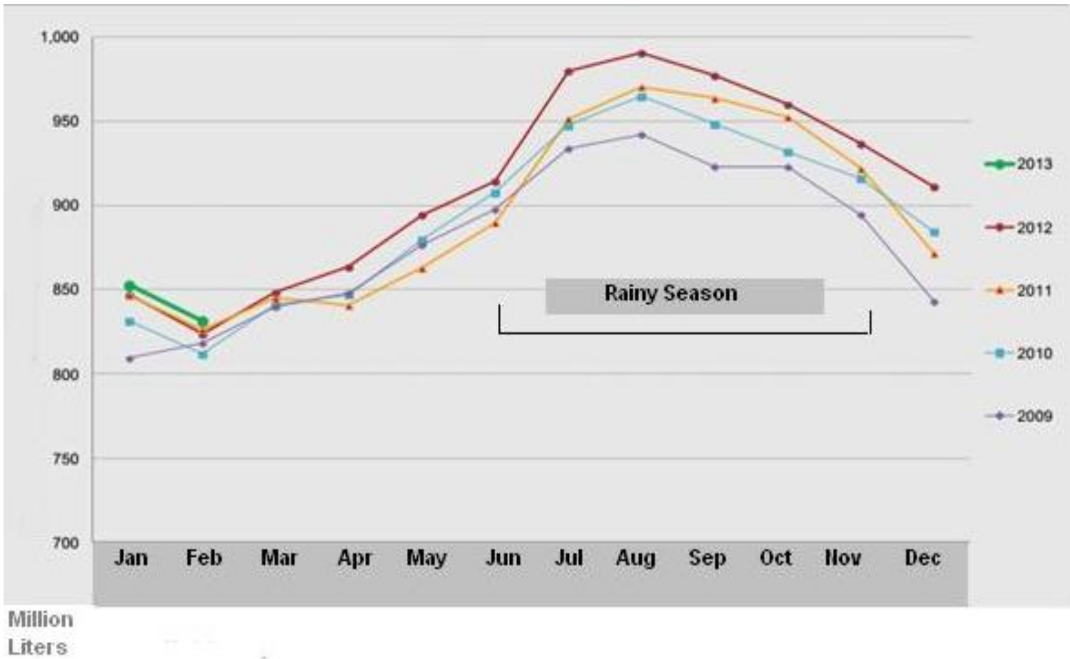
Commodities:

Dairy, Milk, Nonfat Dry

Production:

The production forecast of Non-fat Dry Milk (NFDM) for MY2014 is 55,000 MT. NFDM is manufactured in substantial volumes only when there is seasonal overproduction of fluid milk during Mexico's rainy season. The rains help pasture land and water availability and thus bolsters production. Increased use of fluid milk for other purposes could be a limiting factor on the growth of NFDM production, but provided that supplies are stable production is anticipated to remain relatively flat. Post's MY2013 NFDM production estimate was increased slightly over USDA's estimate based on preliminary figures from SAGARPA. MY2012 estimates are unchanged and based on official information from SAGARPA.

Chart 1. Mexico: Milk Production Trends by Month in Million Liters for 2009 to 2013 (partial)



Source: SAGARPA/SIAP

Consumption:

The Post NFDM MY2014 consumption forecast is 285,000 MT as stable production volumes and import supplies should suggest price predictability and allow for stable industry demand for use in the processing of other added-value products. LICONSA has created branch locations for the production and distribution of processed milk (UHT whole, nonfat and light) using NFDM. The Post consumption estimate for MY2013 was revised upward for the above-mentioned reasons and suggested import volume trends. The Post consumption estimate for MY2012 was kept unchanged to reflect data from SAGARPA.

As previously reported, industry sources state that the principal consumers of NFDM are dairy processors who reconstitute the material and sell it as pasteurized or UHT milk. Also, the confectionary industry continues using small quantities of NFDM in their processes.

Trade:

The Post MY2014 import forecast for NFDM is 230,000 MT. This represents no growth over the MY2013 estimate as Mexico's production remains stable and the country remains unable to meet domestic demand with domestic supplies. The MY2013 and MY2012 import estimates are unchanged.

Production, Supply and Demand Data Statistics:

Table 5. Mexico: Post Nonfat Dry Milk Production, Supply, and Demand Analysis

Dairy, Milk, Nonfat Dry Mexico	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0		0
Production	55	55	52	55		55
Other Imports	236	236	230	230		230

Total Imports	236	236	230	230		230
Total Supply	291	291	282	285		285
Other Exports	0	0	0	0		0
Total Exports	0	0	0	0		0
Human Dom. Consumption	291	291	282	285		285
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	291	291	282	285		285
Total Use	291	291	282	285		285
Ending Stocks	0	0	0	0		0
Total Distribution	291	291	282	285		285
1000 MT						

Commodities:

Dairy, Dry Whole Milk Powder

Production:

The Post MY2014 dry WMP production forecast is 150,000 MT. The MY2013 and MY2012 estimates are unchanged. Production is limited by the availability of fluid milk and processing establishment capacities within the domestic industry.

Consumption:

Dry WMP consumption forecast for MY2014 is 157,000 MT; the same level as Post's MY2013 estimate. The Post MY2012 consumption estimate was kept unchanged from the USDA official estimate at 154,000 MT. As previously stated, current consumption trends suggest increased demand for fresh fluid milk, but low-income urban households, many of whom lack refrigerators, continue using WPM. Also, LICONSA produces some rehydrated milk made from WMP to help cover the needs of low-income consumers.

Trade:

The Post MY2014 import forecast is 12,000 MT as LICONSA, once the main importer, continues attempting to purchase domestic milk rather than imported WMP. MY2013 and MY2012 import estimates are unchanged from USDA's official estimates and reflect existing data. These import levels are sharply below historical levels from 1995 through 2011.

Post's MY2014 export estimate of WMP is forecast at 5,000 MT. The United States remains the main export destination and will largely drive Mexican exports. During MY2012 and MY2013 exports were small and stable and unlikely to change significantly in MY2014.

Nevertheless, private sources indicate that the dairy industry is strong and capable of increasing their export capacity for WMP, but that will depend on the availability of fluid milk and that surpluses not be directed for the preparation of other processed milk products. Post's MY2013 export estimate was kept unchanged based on limited fluid milk availability for WMP production. MY2012 is unchanged to reflect official data from SAGARPA.

Production, Supply and Demand Data Statistics:

Table 6. Mexico: Post Dry Whole Milk Powder Production, Supply, and Demand Analysis

Dairy, Dry Whole Milk Powder Mexico	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0		0
Production	150	150	150	150		150
Other Imports	9	9	12	12		12
Total Imports	9	9	12	12		12
Total Supply	159	159	162	162		162
Other Exports	5	5	5	5		5
Total Exports	5	5	5	5		5
Human Dom. Consumption	154	154	157	157		157
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	154	154	157	157		157
Total Use	159	159	162	162		162
Ending Stocks	0	0	0	0		0
Total Distribution	159	159	162	162		162
1000 MT						

Commodities:

Dairy, Milk, Fluid

Dairy, Cheese

Dairy, Butter

Dairy, Milk, Nonfat Dry

Dairy, Dry Whole Milk Powder

Author Defined:

Production, Use, and Distribution:

Market Concentration in the Dairy Sector

The Mexican food and agricultural sector is marked by varying degrees of market concentration by subsector with some being highly concentrated and others fragmented in comparison. This has implications for the relative market power exercised by market actors and thus for price discovery.

Based on FAS Mexico GAIN Report "Market Concentration" from May 2011 and data from 2009, the following was reported as it relates to the dairy sector:

Table 7. Mexico: Twelve Major Agricultural and Food Subsectors by Market Concentration

Subsector	Market Share (percent)	Number of Companies	% Market Share of Largest Actor
Yoghurt / Sour milk (~ US$ 1.37 billion)	85	5	24.2
Fluid milk (~ US$ 2.77 billion)	69	2	44.8

Dairy Products (All)

- Market size, 2010: US$ 9.65 billion.
- Category includes: fluid milk products, cheese, yoghurt and sour milk drinks, chilled snacks, condensed/evaporated milk, and cream.
- Highly fragmented industry, with a large number of small-scale, artisan producers that distribute their products locally and regionally, though fluid milk processing is dominated by two brands, Lala and Alpura.

Company shares, by retail value, 2009

Company	Market Share
Grupo Industrial Lala SA de CV	20.50%
Ganaderos Productores de Leche Pura SA de CV	12.10%
Nestlé SA	11.50%
Sigma Alimentos SA de CV	6.10%
Groupe Danone	4.20%
Derivados de Leche La Esmeralda SA de CV	3.50%
Yakult Honsha Co. Ltd.	3.40%
Others	38.70%
Total	**100%**

Milk

- Market size, 2010: US$ 2.77 billion.
- Category includes: fluid milk for drinking, both pasteurized and UHT.

Company shares, by retail value, 2009

Company	Market Share
Grupo Industrial Lala SA de CV	44.80%
Ganaderos Productores de Leche Pura SA de CV	24.20%
Others	31.00%
Total	**100%**

Cheese

- Market size, 2010: US$ 3.43 billion.

Company shares, by retail value, 2009

Company	Market Share

Sigma Alimentos SA de CV	17.10%
Grupo Industrial Lala SA de CV	12.30%
Derivados de Leche La Esmeralda SA de CV	9.70%
Ganaderos Productores de Leche Pura SA de CV	6.00%
Chilchota Alimentos SA de CV	4.30%
Nestlé SA	4.10%
Others	46.50%
Total	**100%**

Yoghurt and Sour Milk Drinks

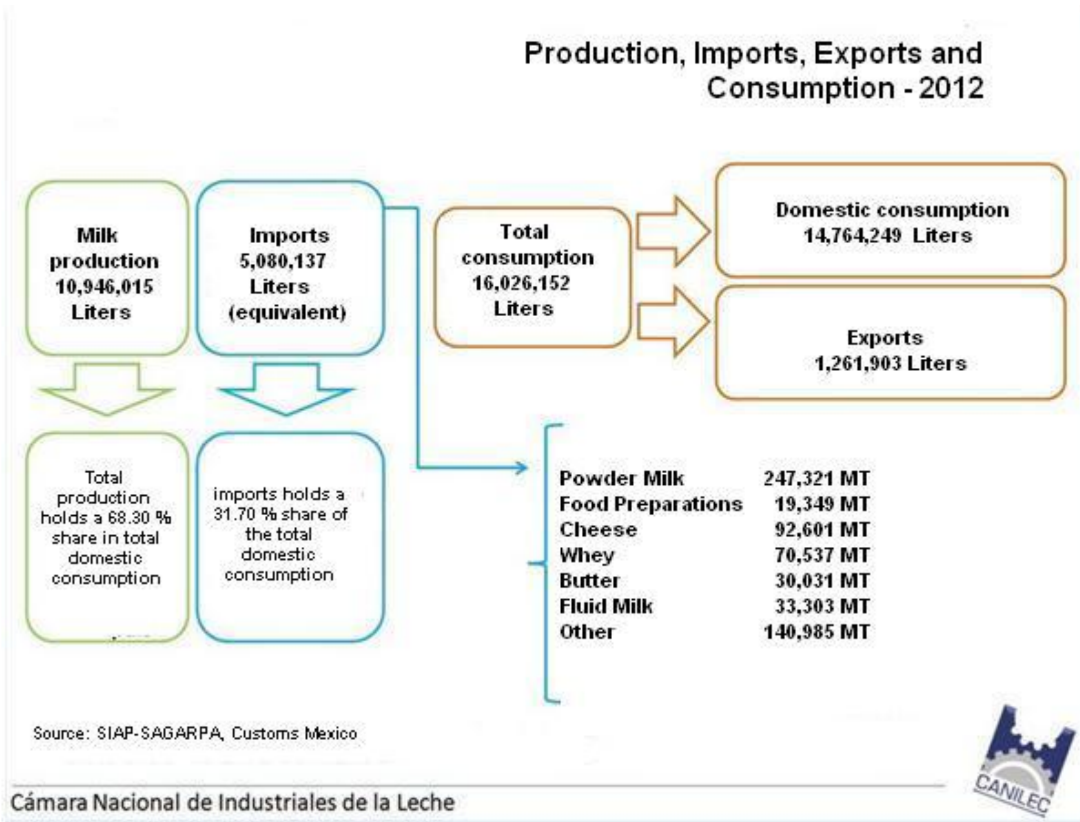
- Market size, 2010: US$ 1.37 billion.

Company shares, by retail value, 2009

Company	Market Share
Groupe Danone	24.20%
Yakult Honsha Co. Ltd.	23.80%
Sodiaal SA	14.20%
Grupo Industrial Lala SA de CV	12.10%
Nestlé SA	10.40%
Others	15.30%
Total	**100%**

NOTE: The data in the figure, below, does not correspond with Post's PSD estimates. The chart does reveal, however, the general situation on the use and distribution of dairy products in Mexico during 2012.

Chart 2. Mexico: 2012 Dairy Supply, Distribution, and Use



Policy:

General Tariffs

Currently, all U.S. dairy products enter Mexico duty-free.

Labeling

The Mexican Government has proposed new food product labeling requirements. This is reportedly due to Mexico's high incidence of adults and children being overweight or obese. The Mexican dairy sector is monitoring the proposal but has not highlighted any specific concerns as many industry players are uncertain about the scope of the Mexican government proposal.

Market Access

The United States enjoys broad access to the Mexican market, but U.S. exports of unpasteurized milk to Mexico have been disrupted since May 2012. The milk was being exported to Mexico for pasteurization and use in Mexico during seasonal shortfalls or periods of tight Mexican supply for processing use. The United States and Mexico are continuing to negotiate the language and review the criteria by which trade in this product can resume.

Marketing:

U.S. dairy exports to Mexico surpassed U.S. $1.2 billion in 2012 and are expected to exceed those levels in 2013 with January to July export values exceeding, already, U.S. $800 million. Mexican imports of dairy products from the U.S. have grown at a faster rate than overall import growth suggesting U.S. market share will continue expanding. U.S. market share in 2013 year-to-date is around 74% according to representatives of the U.S. Dairy Export Council in Mexico (USDEC).

Table 7. Mexico: U.S. Exports of Dairy Products to Mexico by Value (U.S. $1000)

Product	2010	2011	2012	Jan - Jul 2012	Jan - Jul 2013	% Change (Value)
Dairy & Products	836,361	1,164,810	1,227,799	700,433	808,499	15
- Non-Fat Dry Milk	306,496	591,640	590,505	330,571	395,704	20
- Cheese And Curd	187,384	201,198	276,232	149,779	188,209	26
- Whey	131,790	133,905	135,243	86,615	70,049	-19
- Other Dairy Products	66,797	88,124	90,587	56,373	67,268	19
- Ice Cream	31,997	38,952	44,341	31,571	35,204	12
- Fluid Milk And Cream	27,666	20,922	18,874	9,615	13,582	41
- Condensed & Evap Milk	11,279	21,844	18,620	8,242	8,822	7
- Yogrt&Othr Ferm Milk	4,932	21,730	16,680	10,995	9,104	-17
- Dry Whole Milk&Cream	27,824	20,588	14,501	7,346	7,667	4
- Casein	4,566	10,587	11,717	6,685	8,917	33
- Butter And Milkfat	35,629	15,321	10,499	2,641	3,973	50
	836,361	1,164,810	1,227,799	700,433	808,499	15

Source: U.S. Census Bureau, Foreign Trade Statistics

USDEC is active in promoting the U.S. dairy industry in Mexico by organizing buying missions for potential Mexican importers/distributors as well as with other coordinated marketing efforts and information collection, analysis, and sharing with an aim of building U.S. dairy product sales in Mexico.

The Mexican food industry has been growing rapidly and has been the primary market demand driver contributing to U.S. export growth. Strong investments in the processed food and retail sectors have led to constant demand growth for dairy ingredients, fluid milk, cheese, yogurt, and frozen dairy desserts, among others. Greek style yogurts started gaining traction in Mexico as top dairy brands launched these products in major retailers in 2013. The main trends in the yogurt sector are for functional ingredients, more "natural" claims, and yogurt with seeds/nuts, cereal grains, oatmeal and fruit.

The Mexican dairy industry continues investing in publicity and promotion for added-value dairy products. In 2013, the Mexican Industrial National Chamber (CANILEC) launched a new, broad-based advertising campaign "*Take some good advice, drink milk and its byproducts*" with the intention of promoting milk and dairy products consumption. This campaign appeals to consumer's favorable perceptions of dairy products and appears with science-based information in electronic and printed brochures at points of sale so as to influence purchasing decisions and boost sales.

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FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

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MX3042	Dairy Semi-Annual: Production and Consumption Growing with Record Trade	5/24/2013
MX3025	Mexico and U.S. Ag Trade Relationship Broad and Deep	3/21/2013
MX3005	Mexico Pushes Crusade Against Hunger Campaign	1/29/2013
MX2097	Milk Powder TRQ Announced – Little Effect on U.S. Forecast	12/21/2012
MX2096	Dairy Blends TRQ Announced – Little Effect on U.S. Forecast	12/21/2012
MX2074	Dairy and Products Annual – High Input Prices Continue to Pressure Domestic Production	10/26/2012
MX2031	New NOMS for Dairy Products May Shift Import Patterns	5/16/2012
MX2028	Dairy and Products Semi-Annual	5/14/2012
MX1106	Dairy Blends TRQ Announced	12/30/2011
MX1105	Milk Powder TRQ Announced	12/30/2011
MX1083	Dairy and Products Annual	11/14/2011